

Office of Regulatory Management
Economic Review Form

Agency name	Virginia Department of Environmental Quality (DEQ)
Virginia Administrative Code (VAC) Chapter citation(s)	Not applicable – DEQ guidance document
VAC Chapter title(s)	Not applicable – DEQ guidance document
Action title	Not applicable – DEQ guidance document
Date this document prepared	September 5, 2024 (Revised September 20, 2024)
Regulatory Stage (including Issuance of Guidance Documents)	Guidance Memo No. 24-2004 – Reduced Monitoring (GM24-2004); Replaces Guidance Memorandum #98-2005 – Reduced Monitoring

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p><u>Background:</u> In April 1996, the U.S. Environmental Protection Agency published “Interim Guidance for Performance-Based Reduction of NPDES Permit Monitoring Frequencies” (EPA 833-B-96-001) in an effort to reduce the cost of environmental compliance and provide incentives to facilities that demonstrate outstanding performance and consistent compliance with their permits. The Virginia Department of Environmental Quality (DEQ) issued Guidance Memorandum #98-2005 – Reduced Monitoring – in 1998 to provide staff information and guidelines to implement EPA’s incentives for certain facilities in the Commonwealth that discharge to state waters under a Virginia Pollutant Discharge Elimination System (VPDES) permit. DEQ’s guidance described the qualification criteria, monitoring reductions, permit language, special considerations, and triggers to return a facility to higher monitoring levels.</p> <p>With the issuance of Guidance Memo No. 24-2004 – Reduced Monitoring – DEQ will rescind #98-2005 and provide permit staff and the regulated community updated and more specific guidelines for reduced monitoring at facilities with individual VPDES permits (the guidance is not applicable to VPDES general permits). The new guidance provides more detailed qualification criteria, outlines options for facilities that have received Warning Letters, Notices of Violation, or have been subject to enforcement action (i.e., compliance/enforcement actions are considered on a per-parameter basis) and adds alternatives for VPDES permitted municipal wastewater treatment facilities that are authorized for water reclamation reuse. These changes provide more certainty and clarity for DEQ’s permit writers and more opportunities for facilities that demonstrate compliance with their VPDES permits to have their monitoring requirements reduced.</p> <p><u>Direct Costs:</u> As guidance, there are not any mandatory requirements for DEQ or the regulated community. The guidance provides information on reduced frequencies for monitoring effluent quality and quantity and does not impose any direct costs on stakeholders or DEQ.</p> <p><u>Indirect Costs:</u> The primary indirect costs associated with the new guidance involve additional staff time for permit writers to evaluate, with each permit reissuance, whether a facility qualifies for reduced monitoring. The department cannot quantify these costs due to the uncertainty of the number of individual permit reissuance applications will be received after the effective date of this guidance.</p>
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	<p><u>Direct Benefits:</u> This guidance, which provides information on reducing monitoring frequencies for individual VPDES permits, is expected to result in direct benefits to permittees and DEQ staff.</p> <p>These benefits include:</p> <ul style="list-style-type: none"> - Reduced staff time for monitoring due to reduced monitoring requirements. - Reduced cost of environmental compliance. - More efficient review of individual permit reissuance applications and eligibility for reduced monitoring; and - Time savings for DEQ staff because of a clarification of the evaluation criteria for reduced monitoring. <p><u>Indirect Benefits:</u> This guidance will help permit writers to better evaluate monitoring requirements and will allow permittees to reduce the cost of environmental compliance by providing incentives (reduced monitoring frequencies) for facilities that demonstrate compliance with their permits.</p>
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	<p>As guidance, there are no direct costs.</p> <p>Indirect costs vary and depends on the number of VPDES individual permit reissuance applications received and the staff time required to evaluate those reissuances for qualification for reduced monitoring.</p>	<p>In calendar year 2024 there are 1542 facilities that have individual VPDES permits. Of these, only permittees who specifically requested reduced monitoring and met the guidelines, have reduced monitoring requirements under the existing guidance (#98-2005). DEQ is not able to determine the number of additional facilities that may be able to go to reduced monitoring for one or more compliance parameters upon permit reissuance, in part because the agency cannot predict future compliance. However, using the example of the reduced monitoring schedule for bacteria (Table 2 in Guidance Memo No. 24-2004), the savings in analytical costs to go from 4 weekly sample per month to 4 weekly samples per quarter is approximately \$2,208 per year (biological analyses cost \$60 to \$78).</p>

(3) Net Monetized Benefit	Unable to monetize
(4) Other Costs & Benefits (Non-Monetized)	Reduced time required to meet permit monitoring requirements.
(5) Information Sources	Guidance Memo No. 24-2024 – Reduced Monitoring

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>The status quo would be to continue with the existing monitoring frequencies guidance (GM98-2005) for certain Virginia Permit Discharge Elimination System (VPDES) permitted facilities. In this case DEQ inspectors would continue to evaluate permits at reissuance using the limited qualification criteria in the existing guidance. There are no benefits to maintaining the status quo because the existing criteria are more limiting than the criteria in Guidance Memo No. 24-2004 and do not suggest that a facility can qualify for reduced monitoring if there are any violations of compliance standards.</p> <p><u>Direct Costs:</u> Retaining the status quo of not making the revised guidance available would not impose any direct costs on either permittees or the department.</p> <p><u>Indirect Costs:</u> Retaining the status quo of not making the revised guidance available would not impose any direct costs on either permittees or the department.</p> <p><u>Direct & Indirect Benefits:</u> Maintaining the status quo means using old, outdated guidance, not "providing no guidance." In addition, maintaining the status quo would continue to benefit the facilities that qualify for reduced monitoring and may give them a competitive advantage over those that are currently required to monitor but would have the requirement reduced under the new guidance. The Department cannot quantify this benefit.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) As guidance, there are no direct costs. Unable to monetize indirect costs	(b) None.

(3) Net Monetized Benefit	NA
(4) Other Costs & Benefits (Non-Monetized)	NA
(5) Information Sources	NA

Table 1c: Costs and Benefits under Alternative Approach(es)

(1) Direct & Indirect Costs & Benefits (Monetized)	There is no alternative approach to providing this guidance since the underlying monitoring frequencies and requirements are already included in the VPDES regulations.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	N/A	
(5) Information Sources	N/A	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><u>Direct Costs:</u> There are no direct costs to local partners because this action does not change the existing responsibilities of local governments to implement requirements of the VPDES regulations for permitted facilities.</p> <p><u>Indirect Costs:</u> Indirect costs would be similar to those presented in Table 1a.</p> <p><u>Direct Benefits:</u> Benefits would be similar to those presented in Table 1a. The department is unable to quantify these benefits.</p>
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	<u>Indirect Benefits:</u> This guidance will create clarity and consistency for permittees that demonstrate compliance with their permits.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) See Table 1a.	(b) None.
(3) Other Costs & Benefits (Non-Monetized)	See Table 1a.	
(4) Assistance	NA	
(5) Information Sources	NA	

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><u>Direct Costs:</u> There are no direct costs that impact families associated with the proposed guidance.</p> <p><u>Indirect Costs:</u> There are no indirect costs that impact families associated with the proposed change.</p> <p><u>Direct Benefits:</u> There are no direct benefits that impact families associated with the proposed changes.</p> <p><u>Indirect Benefits:</u> There are no indirect benefits that impact families associated with the proposed changes.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) See Table 1a	(b) See Table 1a

(3) Other Costs & Benefits (Non-Monetized)	(a) See Table 1a
(4) Information Sources	NA

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Generally, the guidance would not impact Small Businesses unless they have a VPDES individual permit that is going to have a permit reissuance application.</p> <p>Small businesses would be impacted in the same manner as described in Table 1a above.</p> <p>The department is unable to identify the number of small businesses that would utilize this guidance document.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) See Table 1a	(b) See Table 1a
(3) Other Costs & Benefits (Non-Monetized)	See Table 1a	
(4) Alternatives	No alternative approaches to this guidance were considered.	
(5) Information Sources	NA	

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
NA Guidance	(M/A):				NA
	(D/A):				NA
	(M/R):				NA
	(D/R):				NA
				Grand Total of Changes in Requirements:	(M/A):NA (D/A): NA (M/R): NA (D/R): NA

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
NA Guidance				NA

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden
NA Guidance		NA

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Word Count	New Word Count	Net Change in Word Count
Guidance Memorandum #98-2005 – Reduced Monitoring (Rescind)	8 Pages	0 Pages	- 8 Pages
Guidance Memo No. 24-2004 – Reduced Monitoring	0 Pages	+ 8 Pages	+ 8 Pages

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).